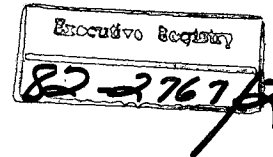


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DDI 3543-82
27 April 1982

MEMORANDUM FOR THE RECORD

FROM :

[Redacted]
Acting National Intelligence Officer for USSR-EE

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SUBJECT: Comments on Differentiation Paper

1. Because of time constraints, the following comments were passed on telephonically to Dale Herspring:

--In general, we believe that the paper overestimates the impact of differentiation on East European policies. We believe that Eastern European countries begin to pursue foreign or domestic policies independent from the Soviet Union for their own reasons. We can then encourage these developments through differentiation but cannot initiate them.

--Our most specific objection is to the section on technology transfer. Even though the new paper takes account of our previously communicated objection, we believe it still overestimates the possibility of a differentiated technology transfer policy. We do not think that Poland, Hungary, Czechoslovakia, Bulgaria, and East Germany can prevent the sharing of militarily useful production and process technology with Warsaw Pact allies, including the Soviet Union. We, therefore, object to the sentence in the paper which reads "the risk of diversion could be further reduced through cooperation from the East European governments concerned".

--On MFN, we doubt that the granting of MFN to all Eastern European countries should be posited as a US objective.

--On credits, we believe that the last two paragraphs are contradictory. The next to last paragraph states that it is USG policy to let banks

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make lending decisions without government intervention, whereas the last paragraph states that the USG should enunciate its differentiation policy to the private sector and back it up with "jaw-boning" if necessary.

2. Herspring informed me that the only real objection so far had come from Treasury, which is opposed to the entire paper. The next step in the NSSD process is a SIG meeting scheduled for 3 p.m. Friday, 30 April. A draft NSDD is forthcoming.

[REDACTED] 25X1

cc: [REDACTED]

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DDI 3543-82

27 April 1982

SUBJECT: Comments on Differentiation Paper

NIC/ANIO/USSR-EE [redacted]

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Distribution:

1 - ExSec [redacted]

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